

Testimony: Mr. Jesse Lovell (Tax Revision Commission Hearing: Nov. 12, 2013)

My thanks to Mayor Williams and the Commission for holding this hearing. My name is Jesse Lovell. I have been a resident of the District and of Ward 3 for the past 15 years, and have seen a great deal of economic development of the city. I have also seen our city struggle to cope with poverty, a lack of affordable housing and a lack of what might be called "livable jobs." While a strengthened minimum wage is essential, I think sensible tax policies also play a key role in making the District a livable city for low- and modest-income residents.

According to data from MIT which breaks down and calculates the present-day cost of living for District residents (available: <http://livingwage.mit.edu/states/11>), a single parent with one child -- or a couple with a single breadwinner -- would require an hourly pre-tax income of \$26.38 or \$54,804/year to meet expenses and to pay today's taxes. An individual with no children would require a pre-tax income of \$13.67/hour or \$28,425 to meet the same standard. According to another 2005 study by UCLA Berkeley researcher Diana Pearce which measures the income required for a household to meet basic needs without relying on public or private assistance, a single parent with an infant would have required -- in 2005 -- \$38,151 in pre-tax annual income. A single parent with an infant and a preschool-age child would have required \$53,634. An individual without children would have needed \$21,224.

What these numbers show is that DC residents with modest means, low-pay and especially those with children, are in trouble. Homestead exemptions and Earned Income Tax Credits, while I support them and believe they should be expanded, are probably not enough. Our income tax policy can do more. At a minimum, our income taxes should not place additional burdens on those whose incomes are barely adequate today.

Many have testified at previous hearings as to the inadequacies of our present-day tax system. There is widespread consensus that moderate-income residents should not continue to bear the highest overall tax burden in the city as they do today.

I believe today's modest-income residents, those whose incomes exceed federal poverty levels but still fall short of living wage standards, would benefit from income tax reform. Individuals and single parents in DC will need to earn nearly \$30,000 and \$55,000 respectively to be considered "financially fit" in the years to come. Yet DC's income tax brackets, created decades ago, still suggest that those earning as little as \$40,001 should be considered financially fit -- fit enough to pay only half a percent less than those who earn ten, twenty or even thirty times as much.

I believe it's time to reform DC's income tax brackets. I propose that the Commission recommend a reduction in tax rates on those currently near the bottom of the 8.5% bracket. In order to make up for lost revenue in the 8.5% bracket, and in order to move closer toward a goal of creating a system in which overall tax burdens are proportional to income, I believe the Commission should propose a more meaningful increase than today's 8.95% rate for our highest-earning residents. I have in mind those earning more than \$250,000, corresponding to the top four or five percent of DC tax filers. I think it is important to consider that many of these high-earning residents have enjoyed a lowering of income tax rates both federally and locally over the past 30 years at the same time as their income has increased.

Thank you,

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